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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Implementation of Section 309(j)
of the Communications Act
Competitive Bidding

PP Docket No. 93-253

To: The Commission

COMMENTS

Pursuant to Section 1.41 of the Commission's Rules,¹ Alcatel Network Systems, Inc. ("ANS"), by its attorney, hereby comments on the above-captioned Notice of Proposed Rule Making ("NPRM").

In the Omnibus Budget Reconciliation Act of 1993,² Congress amended the Communications Act of 1934, as amended, by adding new Section 309(j). Under this amendment, the Commission has express authority to employ competitive bidding or auction procedures to select from among multiple mutually exclusive accepted applications for initial licenses.³ The Commission, in the NPRM, proposes which radio services should be subject to competitive bidding and how such bidding should be conducted.

The Commission intends using auctions only for initial license applications and not for modification or renewal applications.⁴ Included in the menu of services the Commission

¹47 C.F.R. Section 1.41 (1992).

²Omnibus Budget Reconciliation Act of 1993, Pub. L. No. 103-66, Title VI, Section 6002, 107 Stat. 387 (Aug. 10, 1993).

³NPRM at para. 1.

⁴NPRM at paras. 2 and 22.

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considers as candidates for auction are private and common carrier operational-fixed microwave radio services.⁶

ANS, as a leading manufacturer of microwave radio equipment,⁸ generally supports use of competitive bidding. However, the Commission must approach implementing competitive bidding prudently and must establish rules consistent with Congressional requirements.

The process for selecting microwave licensees works. With rules in place governing the relocation of microwave licensees from the 2 GHz band to the bands above 3 GHz, this process should continue to ensure development and rapid deployment of new technologies; promotion of economic opportunity and competition; efficient and intensive use of the spectrum; and, through application fees, recovery, for the public, of a portion of the value of the public spectrum.

The Commission proposes that POFS should be exempt from auctions, while intermediate microwave links and common carrier point-to-point microwave systems should be subject to auctions.⁷ ANS does not support subjecting any mutually exclusive fixed microwave initial license applicant to auctions. The current microwave licensing process already meets the statutory goals Congress established in authorizing auctions. Moreover, the limited number of

⁶NPRM at paras. 28-33, 145-146, 157.

⁸ANS played a leading role in development of the rules governing microwave operation in the bands above 3 GHz by filing the rulemaking petition which initiated that proceeding and by proposing a compromise plan that facilitated ultimate adoption of the rules. It is a wholly-owned subsidiary of Alcatel Alsthom ("Alcatel"), one of the world's largest corporations (with annual sales in excess of \$30 billion) and the world's largest manufacturer and supplier of telecommunications equipment. In particular, Alcatel is the world's largest independent manufacturer and supplier of microwave radios. Formerly Collins Radio and Rockwell International, ANS, with over \$500 million in annual sales, is a world leader in manufacturing microwave and light wave transmission systems. ANS' equipment is used for a wide range of services, including short, medium and long-haul voice, video and data transmissions. Its microwave customers include all the BOCs, most major independent telephone companies, cellular operators, power and other utility companies, oil companies, railroads, industrial companies, and state and local government agencies.

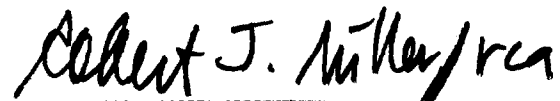
⁷NPRM at paras. 28-33, 145-146, 157.

mutually exclusive microwave radio applications does not justify imposing the additional processing required under auctions.

If the Commission decides to license microwave applicants under competitive bidding, only those initial applications, which are mutually exclusive, should be subject to auctions. Competitive bidding must not be used as a surrogate revenue generator for non-mutually exclusive applications. Similarly, microwave modification and renewal applications should be excluded from auctions.

Respectfully submitted,

ALCATEL NETWORK SYSTEMS, INC.



Robert J. Miller
Gardere & Wynne, L.L.P.
1601 Elm Street, Suite 3000
Dallas, Texas 75201

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its Attorneys

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